

REPORT TO: Audit and Governance Committee

MEETING DATE: 12 June 2018

BY: Depute Chief Executive (Resources & People Services)

SUBJECT: Internal Audit Report – Common Repairs

1 PURPOSE

- 1.1 To inform the Audit and Governance Committee of the recently issued audit report on Common Repairs.

2 RECOMMENDATION

- 2.1 That the Audit and Governance Committee note the contents of the Executive Summary and Action Plan.

3 BACKGROUND

- 3.1 A review of the internal controls surrounding Common Repairs was undertaken as part of the Audit Plan for 2017/18.
- 3.2 The main objective of the audit was to ensure that the internal controls in place were operating effectively.
- 3.3 The main findings from our audit work are outlined in the attached report.

4 POLICY IMPLICATIONS

- 4.1 None

5 INTEGRATED IMPACT ASSESSMENT

- 5.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

6 RESOURCE IMPLICATIONS

- 6.1 Financial - None
6.2 Personnel - None
6.3 Other - None

7 BACKGROUND PAPERS

- 7.1 None

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DATE	4 June 2018

EAST LOTHIAN COUNCIL – INTERNAL AUDIT COMMON REPAIRS

1. EXECUTIVE SUMMARY

1.1 Introduction

As part of the Audit Plan for 2017/18, a review was undertaken of the arrangements in place for administering Common Repairs. A summary of our main findings is outlined below.

1.2 Areas where Expected Controls were Met

- Adequate arrangements are in place to ensure that the Council fulfils its statutory obligations in respect of common repairs.
- All work notices issued to owners comply with legislative requirements and clearly set out the reasons for issuing a notice, the work that requires to be carried out and the period within which the work is to be completed.
- Adequate arrangements are in place for enforcing work notices where owners have failed to take reasonable action within the specified timescales.
- A record is maintained of each common repairs project including the total expenditure incurred and the amounts paid to contractors.
- For the sample of cases reviewed, expenditure incurred for common repairs projects had been properly apportioned amongst owners.

1.3 Areas with Scope for Improvement

- In a number of cases, there were delays in issuing invoices to owners to recover all sums due in respect of completed common repairs projects. *Risk – loss of income to the Council.*
- There was a lack of adequate arrangements in place to ensure that regular progress reports were being provided to senior management on completed common repairs projects and amounts to be invoiced. *Risk – failure to monitor all amounts due to the Council.*
- There was a lack of clear internal procedures in place outlining the processes to be followed by each service area at various stages of the common repairs process. *Risk – failure to adopt a consistent approach.*
- The existing draft procedure for the missing share scheme requires reviewing and updating. *Risk – failure to adopt a consistent approach.*

1.4 Summary

Our review of Common Repairs identified a number of areas with scope for improvement. Detailed findings and recommendations are contained in our main audit report.

Mala Garden
Internal Audit Manager

June 2018

**EAST LOTHIAN COUNCIL – INTERNAL AUDIT
COMMON REPAIRS**

ACTION PLAN

PARA REF	RECOMMENDATION	GRADE	RESPONSIBLE OFFICER	AGREED ACTION	RISK ACCEPTED/ MANAGED	AGREED DATE OF COMPLETION
3.2.1	Management should ensure that clear guidance is in place outlining the procedures to be followed by each service area involved in the common repairs process.	Medium	Service Manager – Protective Services	A consultative group will be formed comprising members of various Council Services to ensure agreed process flows and prescribed timescales are implemented.		September 2018
3.6.1	As a matter of priority, management should ensure that invoices are raised to recover all sums due to the Council from property owners in respect of completed common repairs projects.	High	Service Manager – Protective Services	For projects passed to Protective Services all invoices (with the exception of one which is being formally challenged with the contractor by the Council) have now been issued.		Ongoing
3.7.1	Appropriate arrangements should be put in place to ensure that regular progress reports are provided to senior management on the status of common repairs projects and amounts that require to be invoiced.	Medium	Service Manager – Protective Services	Agreed		September 2018

PARA REF	RECOMMENDATION	GRADE	RESPONSIBLE OFFICER	AGREED ACTION	RISK ACCEPTED/ MANAGED	AGREED DATE OF COMPLETION
3.8.1	Management should review and update the draft procedure for the missing share scheme.	Medium	Service Manager – Protective Services	Agreed		September 2018

Grading of Recommendations

In order to assist Management in using our reports, we categorise our recommendations according to their level of priority as follows:

Level	Definition
High	Recommendations which are fundamental to the system and upon which Management should take immediate action.
Medium	Recommendations which will improve the efficiency and effectiveness of the existing controls.
Low	Recommendations concerning minor issues that are not critical, but which may prevent attainment of best practice and/or operational efficiency.